

Message Text

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PAGE 01 PEKING 00192 201401Z
ACTION EA-12

INFO OCT-01 ISO-00 EB-08 SS-15 INR-07 /043 W
-----079846 201406Z /50

R 200618Z JAN 78
FM USLO PEKING
TO SECSTATE WASHDC 9702
INFO AMCONSUL HONG KONG
AMEMBASSY TAIPEI
AMEMBASSY TOKYO

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STADIS//////////

E.O. 11652: GDS
TAGS: EFIN CH US

SUBJ: FIRST NATIONAL BANK OF CHICAGO VISIT TO PEKING

1. FIRST NATIONAL BANK OF CHICAGO (FNBC) DELEGATION, HEADED BY BOARD CHAIRMAN A. ROBERT ABOUD AND EXECUTIVE VP WILLIAM J. MCDONOUGH, IS CURRENTLY VISITING PEKING AT THE INVITATION OF BANK OF CHINA. ABOUD AND HIS PARTY CALLED ON AMBASSADOR JANUARY 19.

2. LAST FALL THIS BANK ANNOUNCED "A STRATEGIC DECISION" TO PROMOTE BUSINESS RELATIONS BETWEEN THE US AND THE PRC AND A BANK OFFICER WAS QUOTED AS STATING THAT THE BANK PROBABLY WON'T GIVE CREDIT FACILITIES IN TAIWAN AND IS CONSIDERING SELLING OFF ITS CURRENT LOAN PORTFOLIO (SEE 77 TAIPEI 6152) WHILE ABOUD DID NOT SPECIFICALLY MAKE THE LINKAGE, FNBC'S PUBLIC POSTURE ON TAIWAN APPEARS TO BE PAYING OFF IN BANK'S RELATIONS WITH PRC. BOC TOLD ABOUD FNBC WAS FIRST US BANK INVITED TO THE PRC BY BOC (OTHER US BANKERS HAVE APPARENTLY COME AT CHINA TRAVEL

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SERVICE OR CPIFA INVITATION OR AS MEMBERS OF A DELEGATION).

ABOUD HAS BEEN GIVEN A BANQUET BY BANK OF CHINA HEAD CHIAO PEI-HSIN, HELD EXTENSIVE MEETINGS WITH OTHER BOC OFFICIALS, AND MET WITH WANG YAO-TING, CHAIRMAN OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE.

3. MAJOR CONCRETE BUSINESS TO DEVELOP OUT OF THIS TRIP IS AN ARRANGEMENT WHEREBY FNBC WILL PROVIDE A GUARANTEE FOR REINSURANCE OF PRC RISKS WHICH ARE UNDERWRITTEN BY FOREIGN INSURANCE FIRMS -- IN THE CASE OF FNBC, MAINLY US FIRMS.

4. FNBC OFFICIALS DID NOT MENTION THE LARGE SYNDICATED BANK LOAN THAT THEY HAD RAISED WITH THE BOC ON A PREVIOUS TRIP (SEE 77 PEKING 1397). ON THE QUESTION OF PRC'S CURRENT CREDIT POLICIES, BOC OFFICIALS APPARENTLY TOOK THE SAME LINE THAT THEY HAVE WITH OTHER RECENT VISITORS, I.E., PRC HAS RECEIVED A NUMBER OF SUGGESTIONS FROM FOREIGN BANKERS AND IS CONSIDERING THE POSSIBILITY OF ARRANGING "DEFERRED PAYMENTS" FOR LONG PERIODS THAN PREVIOUSLY. AS A SIDELIGHT, MCDONOUGH NOTED THAT BOC OFFICIALS DID NOT FLINCH AT FNBC REPS' FREQUENT USE OF THE WORD "LOAN".

5. INFORMATION IN THIS MESSAGE IS COMMERCIALLY SENSITIVE AND SHOULD NOT BE DISCUSSED OUTSIDE USG.
WOODCOCK

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NATIONALS, BANKS, VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jan 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PEKING00192
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780030-1087
Format: TEL
From: PEKING
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780140/aaaabhko.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 331dc7e1-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3740609
Secure: OPEN
Status: NATIVE
Subject: FIRST NATIONAL BANK OF CHICAGO VISIT TO PEKING
TAGS: EFIN, CH, US
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/331dc7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014